

Hospital Governance Taskforce (HGT) Presentation

Duane J. Fitch, CPA, MBA

Senior Partner

April 14, 2011

Discussion Topics

- Introduction
- Importance of Taskforce
- Immediate Issues Independent of Governance Discussion
- Current Governance Model

Discussion Topics

- Governance Effectiveness vs. Governance Structure
- Operational Issues Universal to All Governance Models
- PHT Observation
- Miami-Dade County Observation

Importance of Taskforce

- Governance is a Primary Component of an Integrated, Complex, Healthcare Delivery System.
- Governance Structures have Evolved to Meet Significant Challenges of Healthcare Finance and Operations.
- Mr. Gage's Presentation on the Various Governance Models and Examples of Each was Very Informative and Well Done. Mr. Gage is a Preeminent Leader in this Area.

Importance of Taskforce

- Public Hospital's Governance Structures are Often Multi-Factorial and Exhibit Attributes of Several Different Models.
- Public Hospitals Consist of Multiple Extraordinarily Complicated Sub-Systems that are Co-Dependent on One Another and Often Times in Conflict.

Importance of Taskforce

- Effective Governance Structures Continually Adapt to the Issues and Opportunities Impacting the Hospital.
- Effectiveness within a Current Structure is as Important as the Structure Itself.

Immediate Issues to Address Independent of Governance Discussion

- Cash Infusion to Avoid Permanent/Irreversible Consequences to Core Service Levels Due to Cash Crisis (Internal/External Efforts).
- Access to Bridge Financing to Allow Turnaround Efforts to Take Root.

Immediate Issues to Address Independent of Governance Discussion

- Balancing Mission (Single Standard of Care to All Patients Regardless of Ability to Pay) with Financial Constraints.
- Providing Clear and Consistent Direction to New CEO and Executive Team During the On-Boarding Process and Turnaround Efforts.

Immediate Issues to Address Independent of Governance Discussion

- Any Governance Change will Likely take a Significant Period of Time, be Very Expensive, Require Extensive Due Diligence and Modeling, and be the Subject of Extensive Legal Debate. It is not a Fix for the Current Financial Reality Facing Jackson.

Current Governance Model: Hybrid

- Current Model Includes Elements of:
 - Direct Governance- County Reserve Powers, 25A Ordinance, Unfunded Mandates
 - Freestanding Board with Some Authority- Public Health Trust
 - Taxing District- No Independent Ability to Levy Taxes but the Beneficiary of Ad Valorem Taxes and 1991 Half-Penny Tax

Governance Effectiveness vs. Governance Structure

“Before considering a major reorganization, it is essential to evaluate the challenges and obstacles that face a given hospital or health system – and to determine which of these challenges can be improved through improved structure or governance.”

Restructuring \neq Sustainability

National Association of Public Hospitals and Health Systems

Operational Issues Universal to All Governance Models

- Develop and Implement a Contemporary Overall Strategic Plan.
- Develop and Implement a Primary Care and Outpatient Services Strategy.
- Reduce Length of Stay to Clinical Optimal Levels.
- Provide Budgeting and Other Financial Reporting with Integrity and Creditability (\$232MM Audit Adjustments for FY2009, FY2011 Budget).

Operational Issues Universal to All Governance Models

- Maximize the Leverage of the Jackson Health Plan.
- Shift the Labor Cost Curve through Universal Adoption of Evidence Based Medicine Guidelines; Treating Each Patient in the Most Cost Effective, Clinically Appropriate Setting; Improving Patient Flow and other Measures.

Operational Issues Universal to All Governance Models

- Optimize the Relationship with the University of Miami.
- Position Jackson for Success in an ACO and/or Capitated Environment.
- Enhance Information Technology Solutions to Achieve Meaningful Use Standards.
- Position Jackson to Participate Successfully in the HHS Patient Safety Initiative Funding Program.

PHT Observation

- A Change in PHT Composition, Qualifications, and/or Size May Make it a More Nimble, Effective, and Efficient Governance Body More Readily Able to Address the Immediate Issues and Opportunities Impacting Jackson Health System.
- PHT Board Members Serve as Tireless Volunteers and should be Commended for their Commitment to Public Service.

PHT Changes to Evaluate- Short Term

- Smaller Membership/Targeted Areas of Expertise
- Enhanced Board Education and Training
- Exclusive Focus on Strategy, Accountability, and Turnaround Efforts.
- Update By-Laws and Board Policies to Ensure Effectiveness and Role Clarity.

Miami-Dade County Observation

- Under Most Governance Models, the County will Retain a Significant (if not exclusive) Responsibility for Funding Healthcare for the Indigent Population of Miami-Dade. As Such, the County will Likely Seek to Maintain Certain Reserve Powers and a Level of Control.

Questions?

